

SHOP Employee Minimum Participation Rate

In many states, 70% of your eligible employees must enroll in the plan(s) you offer in order for your small business to participate in the Small Business Health Options Program (SHOP) Marketplace at any point during the year. This percentage may be different in your state. The following states require employers to meet a minimum participation rate other than 70%:

| State | SHOP Marketplace minimum participation rate |
|---------------|---|
| Arkansas | 75% |
| Iowa | 75% |
| New Hampshire | 75% |
| New Jersey | 75% |
| South Dakota | 75% |
| Tennessee | 50% |
| Texas | 75% |

How the minimum participation rate is calculated

Participation rates in the SHOP Marketplace are calculated by dividing the number of employees enrolling by the number of employees eligible for coverage. When doing this calculation:

- **Don't** include dependents of your employees or employees with coverage through another job, another person's job, Medicare, Medicaid, the Department of Veterans Affairs (VA), the Indian Health Service, or TRICARE. For example, if you have 10 employees but one has coverage through the VA and another has Medicare, you'll do the 70% calculation based on 8 employees, not 10.
- **Do** include employees with other types of individual health insurance (including coverage purchased through the Health Insurance Marketplace). In the example above, if 2 of the 8 employees have private health insurance policies they bought themselves, you should include them in the calculation.
- There's an exception to the 70% rule that applies in most states. From November 15 - December 15 each year, you can get coverage through the SHOP Marketplace without having to meet this minimum participation requirement. This allows employers who don't meet the required participation level to offer a SHOP plan.

The minimum participation rate is calculated only during your initial enrollment and when you renew. Mid-year changes in your participation rate won't affect your ability to maintain coverage through the SHOP Marketplace.

Options for employers who don't reach the minimum participation rate

If you don't reach the required minimum participation rate, you have 3 options:

1. **Change your offer of coverage if you want to enroll at any time during the year.** For example, you can increase the amount you contribute to employees' insurance premiums to encourage more of them to participate. If you change your offer, your current offer will be cancelled. You'll start the process over using the information from your initial application. You'll also need to set up a new employee enrollment period.
2. **Enroll between November 15 and December 15.** The minimum participation requirement doesn't apply during this annual enrollment period.
3. **Withdraw your offer of coverage.** If you didn't meet the minimum participation rate when you applied, you can reapply at any time during the same calendar year.

